

**CITY OF LAMONI  
& LAMONI MUNICIPAL UTILITIES  
INDEPENDENT AUDITORS' REPORTS  
BASIC FINANCIAL STATEMENTS  
SUPPLEMENTARY AND OTHER INFORMATION  
SCHEDULE OF FINDINGS**

**JUNE 30, 2021**

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## City of Lamoni

### Officials

Doug Foster	Mayor	January 2022
Terry Boswell	Council Member	January 2022
Travis Jeanes	Council Member	January 2022
Cyndi Smith	Council Member	January 2022
Jordan Omstead	Council Member	January 2024
Nathan Silver	Council Member	January 2024
Barb Stuck	Clerk/Administrator/Treasurer	Indefinite
Judy Harris	Deputy Clerk	Indefinite
Steven Jon Barney	General Manager/ Lamoni Municipal Utilities	Indefinite
Robert Rolfe	City Attorney	January 2022



Diane McGrain, CPA  
Jim Menard, CPA  
Kelsey Peterson, CPA

November 11, 2021

### Independent Auditors' Report

To the Honorable Mayor and  
Members of the City Council:

#### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Lamoni and Lamoni Municipal Utilities, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements listed in the table of contents.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1. This includes determining the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Continued...

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Independent Auditor's Report  
City of Lamoni

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Lamoni and Lamoni Municipal Utilities as of June 30, 2021, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

Basis of Accounting

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles. Our opinions are not modified with respect to this matter.

Other Matters

*Supplementary and Other Information*

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Lamoni and Lamoni Municipal Utilities' basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2020 (which are not presented herein) and expressed unmodified opinions on those financial statements which were prepared on the basis of cash receipts and disbursements. The supplementary information included in Schedules 1 through 3, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

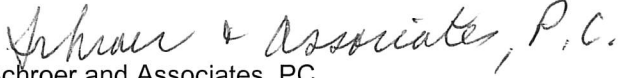
The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The Other Information, the Budgetary Comparison Information, the Schedule of the City's Proportionate Share of the Net Pension Liability and the Schedule of City's Contributions on pages 31 through 35 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Independent Auditor's Report  
City of Lamoni

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our reports dated November 11, 2021 on our consideration of the City of Lamoni's and Lamoni Municipal Utilities' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Lamoni's and Lamoni Municipal Utilities' internal control over financial reporting and compliance.

  
Schroer and Associates, PC  
Council Bluffs, IA

**CITY OF LAMONI  
& LAMONI MUNICIPAL UTILITIES  
BASIC FINANCIAL STATEMENTS**

City of Lamoni  
Cash Basis Statement of Activities and Net Position  
As of and for the year ended June 30, 2021

					Net (Disbursement) Receipts and Changes in Cash Basis Net Position		

See notes to financial statements.

City of Lamoni  
Statement of Cash Receipts, Disbursements  
and Changes in Cash Balances - Governmental Funds  
As of and for the year ended June 30, 2021

		Special Revenue			Other	
		Road	Local	Trust	Nonmajor	
	General	Use	Option Sales	Funds	Governmental	Total
		Tax	Tax		Funds	
Receipts:						
Property tax	\$ 442,493	-	-	-	304,540	747,033
Tax increment financing	-	-	-	-	47,744	47,744
Other city tax	71,026	-	194,022	-	367	265,415
Licenses and permits	2,844	-	-	-	-	2,844
Use of money and property	325	-	-	1,113	-	1,438
Intergovernmental	89,357	347,815	-	216,874	8,786	662,832
Charges for service	43,853	-	-	-	-	43,853
Miscellaneous	26,616	40	-	58,198	-	84,854
Total receipts	676,514	347,855	194,022	276,185	361,437	1,856,013
Disbursements:						
Operating:						
Public safety	295,790	-	47,911	16,124	87,295	447,120
Public works	23,620	226,560	820	16,044	60,787	327,831
Culture and recreation	204,525	-	37,262	18,757	44,417	304,961
Community and economic development	22,800	-	-	104,965	47,603	175,368
General government	153,809	-	194,712	10,961	26,612	386,094
Debt service	-	-	-	-	74,186	74,186
Capital projects	-	-	-	-	147,975	147,975
Total disbursements	700,544	226,560	280,705	166,851	488,875	1,863,535
Excess (deficiency) of receipts over (under) disbursements	(24,030)	121,295	(86,683)	109,334	(127,438)	(7,522)
Other financing sources (uses):						
Transfers in	78,225	-	40,000	-	17,975	136,200
Transfers out	-	-	(4,800)	-	(4,305)	(9,105)
Total other financing sources (uses)	78,225	-	35,200	-	13,670	127,095
Change in cash balances	54,195	121,295	(51,483)	109,334	(113,768)	119,573
Cash balances beginning of year	141,789	188,749	344,822	206,073	34,582	916,015
Cash balances end of year	\$ 195,984	310,044	293,339	315,407	(79,186)	1,035,588
<b>Cash Basis Fund Balances</b>						
Restricted for:						
Streets	\$ -	310,044	-	-	-	310,044
Local option referendum purposes	-	-	293,339	-	-	293,339
Trust purposes	-	-	-	315,407	-	315,407
Other purposes	-	-	-	-	144,857	144,857
Assigned for capital projects	156,994	-	-	-	-	156,994
Unassigned	38,990	-	-	-	(224,043)	(185,053)
Total cash basis fund balances	\$ 195,984	310,044	293,339	315,407	(79,186)	1,035,588

See notes to financial statements.

City of Lamoni – Lamoni Municipal Utilities  
Statement of Cash Receipts, Disbursements and Changes in Cash Balances  
Proprietary Funds  
As of and for the year ended June 30, 2021

	LMU Enterprise Funds					City Enterprise Funds			Grand Total
	Electric	Gas	Water	Sewer	Total	Major Fund Garbage	Nonmajor Fund Airport	Total	
Operating receipts:									
Charges for service	\$ 2,180,659	615,260	563,293	458,197	3,817,409	466,166	34,181	500,347	4,317,756
Operating disbursements:									
Business type activities	<u>1,776,977</u>	<u>516,850</u>	<u>443,979</u>	<u>216,794</u>	<u>2,954,600</u>	<u>359,105</u>	<u>60,150</u>	<u>419,255</u>	<u>3,373,855</u>
Excess (deficiency) of operating receipts over (under) operating disbursements	403,682	98,410	119,314	241,403	862,809	107,061	(25,969)	81,092	943,901
Non-operating receipts (disbursements):									
Intergovernmental	-	-	-	135,512	135,512	-	-	-	135,512
Interest on investments	12,156	4,625	2,312	1,703	20,796	-	91	91	20,887
Rent	3,105	-	8,217	-	11,322	-	42,209	42,209	53,531
Miscellaneous	88,280	3,654	2,145	11,365	105,444	834	-	834	106,278
Debt service	(187,200)	-	-	(73,502)	(260,702)	(31,731)	(32,436)	(64,167)	(324,869)
Capital projects	<u>(39,131)</u>	<u>(45,846)</u>	<u>(18,047)</u>	<u>(330,803)</u>	<u>(433,827)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(433,827)</u>
Total non-operating receipts (disbursements)	<u>(122,790)</u>	<u>(37,567)</u>	<u>(5,373)</u>	<u>(255,725)</u>	<u>(421,455)</u>	<u>(30,897)</u>	<u>9,864</u>	<u>(21,033)</u>	<u>(442,488)</u>
Excess (deficiency) of receipts over (under) disbursements	280,892	60,843	113,941	(14,322)	441,354	76,164	(16,105)	60,059	501,413
Other financing Sources (uses):									
Transfers in	-	-	-	-	-	-	4,800	4,800	4,800
Transfers out	<u>(73,920)</u>	<u>-</u>	<u>(17,975)</u>	<u>-</u>	<u>(91,895)</u>	<u>(40,000)</u>	<u>-</u>	<u>(40,000)</u>	<u>(131,895)</u>
Total other financing sources (uses)	<u>(73,920)</u>	<u>-</u>	<u>(17,975)</u>	<u>-</u>	<u>(91,895)</u>	<u>(40,000)</u>	<u>4,800</u>	<u>(35,200)</u>	<u>(127,095)</u>
Change in cash balances	206,972	60,843	95,966	(14,322)	349,459	36,164	(11,305)	24,859	374,318
Cash balances beginning of year	<u>1,017,032</u>	<u>550,095</u>	<u>384,035</u>	<u>284,796</u>	<u>2,235,958</u>	<u>3,511</u>	<u>60,409</u>	<u>63,920</u>	<u>2,299,878</u>
Cash balances end of year	<u>\$ 1,224,004</u>	<u>610,938</u>	<u>480,001</u>	<u>270,474</u>	<u>2,585,417</u>	<u>39,675</u>	<u>49,104</u>	<u>88,779</u>	<u>2,674,196</u>
<b>Cash Basis Fund Balances</b>									
Restricted for debt service	\$ 455,574	-	125,000	7,251	587,825	-	42,036	42,036	629,861
Unrestricted	<u>768,430</u>	<u>610,938</u>	<u>355,001</u>	<u>263,223</u>	<u>1,997,592</u>	<u>39,675</u>	<u>7,068</u>	<u>46,743</u>	<u>2,044,335</u>
Total cash basis fund balances	<u>\$ 1,224,004</u>	<u>610,938</u>	<u>480,001</u>	<u>270,474</u>	<u>2,585,417</u>	<u>39,675</u>	<u>49,104</u>	<u>88,779</u>	<u>2,674,196</u>

See notes to financial statements.

City of Lamoni  
Notes to Financial Statements  
June 30, 2021

**NOTE (1) Summary of Significant Accounting Policies**

The City of Lamoni is a political subdivision of the State of Iowa located in Decatur County. It was first incorporated in 1885 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens, including public safety, public works, health and social services, culture and recreation, community and economic development, general government services and garbage collection. The City also manages the Lamoni Municipal Utilities (the Utilities) which provide electric, gas, and water and sewer utilities for its citizens.

**A. Reporting Entity**

For financial reporting purposes, the City of Lamoni has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City. The City has no component units which meet the Governmental Accounting Standards Board criteria.

**Jointly Governed Organizations**

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Decatur County Assessor's Conference Board, the Decatur County Emergency Management Commission, and the Southern Iowa Council of Governments.

**B. Basis of Presentation**

Government-wide Financial Statements - The Cash Basis Statement of Activities and Net Position reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for services.

The Cash Basis Statement of Activities and Net Position presents the City's nonfiduciary net position. Net position is reported in the following categories/components:

City of Lamoni  
Notes to Financial Statements  
June 30, 2021

**NOTE (1) Summary of Significant Accounting Policies - Continued**

**B. Basis of Presentation - Continued**

*Expendable restricted net position* result when constraints placed on the use of cash balances are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net position* consists of cash balances that do not meet the definition of the preceding category. Unrestricted net position is often subject to constraints on cash balances imposed by management which can be removed or modified.

The Cash Basis Statement of Activities and Net Position demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements – Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts from general and emergency levies and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs that are not paid from other funds.

**Special Revenue:**

The Road Use Tax Fund is used to account for the road use tax allocation from the State of Iowa to be used for road construction and maintenance.

The Local Option Sales Tax Fund accounts for the local option sales tax received to be used for property tax relief, public safety and culture and recreation.

The Trust Funds Fund is used to account for resources from grantors who have specified how the funds should be spent.



City of Lamoni  
Notes to Financial Statements  
June 30, 2021

**NOTE (1) Summary of Significant Accounting Policies - Continued**

**B. Basis of Presentation – Continued**

Lamoni Municipal Utilities reports the following major proprietary funds:

The Enterprise, Electric Fund accounts for the delivery of electricity to the citizens and businesses of the City.

The Enterprise, Gas Fund accounts for the delivery of natural gas to the citizens and businesses of the City.

The Enterprise, Water Fund accounts for the operation and maintenance of the City's water system.

The Enterprise, Sewer Fund accounts for the operation and maintenance of the City's sanitary sewer system.

The City reports the following major proprietary fund:

The Enterprise, Garbage Fund accounts for the operation and maintenance of the City's garbage collection service.

**C. Measurement Focus and Basis of Accounting**

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general receipts. Thus, when program disbursements are paid, there are both restricted and unrestricted cash basis net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general receipts.

When a disbursement in governmental funds can be paid using either restricted or unrestricted resources, the City's policy is generally to first apply the disbursement toward restricted fund balances and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

City of Lamoni  
Notes to Financial Statements  
June 30, 2021

**NOTE (1) Summary of Significant Accounting Policies - Continued**

**D. Property Taxes and Governmental Cash Basis Fund Balances**

The following accounting policies are followed in preparing the financial statements:

Property tax revenues recognized in these funds become due and collectible in September and March of the current fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2019 assessed property valuations; is for the tax accrual period July 1, 2020 through June 30, 2021 and reflects tax asking contained in the budget certified to the City Council in March 2020.

In the governmental fund financial statements, cash basis fund balances are classified as follows:

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors, or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Assigned – Amounts the Council intends to use for specific purposes.

Unassigned – All amounts not included in the preceding classifications.

**E. Budgets and Budgetary Accounting**

The budgetary comparison and related disclosures are reported as Other Information. During the year ended June 30, 2021, disbursements exceeded the amounts budgeted in the culture and recreation, community and economic development, and capital projects functions.

**NOTE (2) Cash and Pooled Investments**

The City's deposits in banks at June 30, 2021 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The City's cash, which consists of cash in the bank and certificates of deposit totaled \$3,699,603 at June 30, 2021.

City of Lamoni  
Notes to Financial Statements  
June 30, 2021

**NOTE (2) Cash and Pooled Investments - Continued**

The City had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$1,381. There were no limitations or restrictions on withdrawals for the IPAIT investments. The City's investment in the Iowa Public Agency Investment Trust is unrated.

Interest rate risk – The City's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the City.

**NOTE (3) Bonds and Notes Payable**

A summary of changes in bonds and notes payable for the year ended June 30, 2021 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year	Due Within One Year
Governmental activities					
General obligation bonds and notes	\$ 584,075	-	56,319	527,756	57,319
Business type activities:					
Water Revenue Notes	170,000	-	15,000	155,000	15,000
Sewer Revenue Notes	143,000	-	71,000	72,000	72,000
Electric Revenue Notes	860,000	-	170,000	690,000	170,000
Airport Revenue Notes	713,530	-	11,050	702,480	11,381
Garbage Lease Purchase	80,567	-	29,311	51,256	30,384
Business type activities total	\$ 1,967,097	-	296,361	1,670,736	298,765

City of Lamoni  
Notes to Financial Statements  
June 30, 2021

**NOTE (3) Bonds and Notes Payable – Continued**

General Obligation Bonds and Notes

A summary of the City's June 30, 2021 general obligation bonds and notes is as follows:

Year Ending June 30,	Equipment			Street Improvement			Total		
	Issued Aug 16, 2016			Issued Jun 15, 2017					
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest	Principal	Interest	Total
2022	3.95%	\$ 15,319	605	2.75%	42,000	14,092	\$ 57,319	14,697	72,016
2023	-	-	-	2.75%	44,000	12,937	44,000	12,937	56,937
2024	-	-	-	2.75%	45,000	11,727	45,000	11,727	56,727
2025	-	-	-	2.75%	46,000	10,490	46,000	10,490	56,490
2026	-	-	-	2.75%	47,000	9,225	47,000	9,225	56,225
2027-2031	-	-	-	2.75%	259,000	25,829	259,000	25,829	284,829
2032	-	-	-	2.75%	29,437	810	29,437	810	30,247
		<u>\$ 15,319</u>	<u>605</u>		<u>\$ 512,437</u>	<u>85,110</u>	<u>527,756</u>	<u>85,715</u>	<u>613,471</u>

On August 16, 2016, the City issued a \$76,595 general obligation note with an interest at 3.95% per annum. The note was issued to buy equipment. During the year ended June 30, 2021, the City paid \$15,319 of principal and \$1,195 of interest on the note.

On June 15, 2017 the City issued \$778,000 of general obligation bonds with an interest rate at 2.75% per annum. The bonds were for street improvements. During the year ended June 30, 2021, the City paid \$41,000 of principal and \$15,220 of interest on the bonds.

Interest costs paid during the year ended June 30, 2021 totaled \$62,898. The **City** paid \$40,220 and the **Utilities** paid \$22,678.

The Code of Iowa requires that principal and interest on general obligation bonds be paid from the Debt Service Fund. The City has a general obligation debt limit of approximately \$3,546,000 which was not exceeded during the year ended June 30, 2021.

City of Lamoni  
Notes to Financial Statements  
June 30, 2021

**NOTE (3) Bonds and Notes Payable – Continued**

Revenue Notes

A summary of the City's June 30, 2021 revenue notes payable is as follows:

Year Ending June 30,	Sewer			Sewer		
	Issued Jun 30, 2002			Issued Oct 15, 2002		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2022	1.75%	\$ 33,000	578	1.75%	\$ 39,000	683
2023	-	-	-	-	-	-
2024	-	-	-	-	-	-
2025	-	-	-	-	-	-
2026	-	-	-	-	-	-
2027-2031	-	-	-	-	-	-
2032-2036	-	-	-	-	-	-
2037-2041	-	-	-	-	-	-
2042-2046	-	-	-	-	-	-
2047-2051	-	-	-	-	-	-
2052-2055	-	-	-	-	-	-
2056-2058	-	-	-	-	-	-
		<u>\$ 33,000</u>	<u>578</u>		<u>\$ 39,000</u>	<u>683</u>

Year Ending June 30,	Water			Electric		
	Issued Jan 27, 2010			Issued Jul 7, 2016		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2022	3.00%	\$ 15,000	2,713	2.00%	\$ 170,000	13,800
2023	3.00%	16,000	2,450	2.00%	170,000	10,400
2024	3.00%	16,000	2,170	2.00%	170,000	7,000
2025	3.00%	17,000	1,890	2.00%	180,000	3,500
2026	3.00%	17,000	1,593	-	-	-
2027-2031	3.00%	74,000	3,273	-	-	-
2032-2036	-	-	-	-	-	-
2037-2041	-	-	-	-	-	-
2042-2046	-	-	-	-	-	-
2047-2051	-	-	-	-	-	-
2052-2055	-	-	-	-	-	-
2056-2058	-	-	-	-	-	-
		<u>\$ 155,000</u>	<u>14,089</u>		<u>\$ 690,000</u>	<u>34,700</u>

Year Ending June 30,	Airport			Airport			Total		
	Issued Nov 18, 2018			Issued Nov 15, 2018			Principal	Interest	Total
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest			
2022	3.50%	\$ 5,865	13,983	2.375%	\$ 5,516	7,072	\$ 268,381	38,829	307,210
2023	3.50%	6,073	13,775	2.375%	5,649	6,939	197,722	33,564	231,286
2024	3.50%	6,289	13,559	2.375%	5,784	6,804	198,073	29,533	227,606
2025	3.50%	6,513	13,335	2.375%	5,923	6,665	209,436	25,390	234,826
2026	3.50%	6,745	13,103	2.375%	6,065	6,523	29,810	21,219	51,029
2027-2031	3.50%	37,496	61,742	2.375%	32,582	30,358	144,078	95,373	239,451
2032-2036	3.50%	44,656	54,583	2.375%	36,685	26,255	81,341	80,838	162,179
2037-2041	3.50%	53,185	46,056	2.375%	41,307	21,633	94,492	67,689	162,181
2042-2046	3.50%	63,338	35,901	2.375%	46,510	16,430	109,848	52,331	162,179
2047-2051	3.50%	75,433	23,807	2.375%	52,368	10,572	127,801	34,379	162,180
2052-2055	3.50%	89,836	9,404	2.375%	58,964	3,976	148,800	13,380	162,180
2056-2058	3.50%	6,788	140	2.375%	2,910	12	9,698	152	9,850
		<u>\$ 402,217</u>	<u>299,388</u>		<u>\$ 300,263</u>	<u>143,239</u>	<u>\$ 1,619,480</u>	<u>492,677</u>	<u>2,112,157</u>

City of Lamoni  
Notes to Financial Statements  
June 30, 2021

**NOTE (3) Bonds and Notes Payable – Continued**

Revenue Notes - Continued

The Utilities have pledged future water customer receipts, net of specified operating disbursements, to repay \$293,000 issued in January 2010. Proceeds from the notes provided financing for the construction of water main extensions and improvements to the water treatment facility. The notes are payable solely from water customer net receipts and are payable through 2030. Annual principal and interest payments on the notes required 16% of net receipts. Total principal and interest remaining to be paid on the notes is \$169,089. For the current year, principal and interest paid and total customer net receipts were \$17,975 and \$119,314, respectively.

The Utilities have pledged future sewer customer receipts, net of specified operating disbursements, to repay \$514,000 in sewer revenue notes issued in June 2002, and \$594,000 in sewer revenue notes issued in October 2002. Proceeds from the notes provided financing for the construction of improvements to the sewer treatment plant. The notes are payable solely from sewer customer net receipts and are payable through 2022. Annual principal and interest payments on the notes required 31% of net receipts. The total principal and interest remaining to be paid on the notes is \$73,261. For the current year, principal and interest paid and total customer net receipts were \$73,502 and \$241,403, respectively.

The Utilities have pledged future electric customer receipts, net of specific operating disbursements, to repay \$2,200,000 in electric revenue notes issued in June 2010. The notes were refinanced in July 2016. Proceeds from the notes are to provide financing for the construction of improvements to the municipal electric utility system, including the acquisition and installation of two diesel generators. The notes are payable solely from electric customer receipts and are payable through 2025. Annual principal and interest payments on the notes required 46% of net receipts. Total principal and interest remaining to be paid on the notes is \$724,700. For the current year, principal and interest payments and total customer net receipts were \$187,200 and \$403,682, respectively.

The City has pledged future airport customer receipts, net of specific operating disbursements, to repay \$730,368 in airport revenue notes issued in November 2018. Proceeds from the notes provided financing for airport improvement projects. The notes are payable solely from airport customer net receipts and are payable through 2058. Annual principal and interest payments on the notes are expected to require less than 100% of net receipts. Total principal and interest remaining to be paid on the notes is \$1,145,107. For the current year, principal and interest paid and total customer net receipts were \$32,436 and \$16,240.

City of Lamoni  
Notes to Financial Statements  
June 30, 2021

**NOTE (3) Bonds and Notes Payable – Continued**

Revenue Notes - Continued

The resolutions providing for the issuance of the water revenue notes include the following provisions:

- a) The notes will only be redeemed from the future earnings of the water enterprise activity and the note holders hold a lien on the future earnings of the fund.
- b) Sufficient monthly transfers shall be made to a separate water revenue note sinking account for the purpose of making the note principal and interest payments when due.
- c) \$70,000 is required to be maintained in a water revenue note reserve account. The account is restricted for the purpose of paying the note principal and interest payments whenever, for any reason, the funds in the water revenue note sinking account are insufficient to pay such principal and interest when due. This account was used for improvements during the year ended June 30, 2020.
- d) Monthly transfers of \$1,500 shall be made to the water revenue note improvement and extension account, after the sinking and reserve funds have been adequately funded. Transfers are to be made until \$125,000 has been accumulated. This account is restricted for the purpose of paying for any improvement, extension or repair to the system or for correcting any deficiencies in the sinking and revenue accounts. This account was used for improvements during the year ended June 30, 2016.
- e) All funds remaining in the water account after the payment of all maintenance and operating expenses and required transfers shall be placed in the water revenue surplus account within the Enterprise Funds until a minimum of \$125,000 is accumulated. This account is restricted for the purpose of correcting any deficiencies in the sinking, reserve, and improvement and extension accounts.
- f) User rates shall be established at a level which produces and maintains net receipts at a level not less than 125% of the amount of principal and interest on the notes falling due in the next year.

The resolution providing for the issuance of the sewer revenue bonds includes the following provisions:

- a) The bonds will only be redeemed from the future earnings of the sewer enterprise activity and the bond holders hold a lien on the future earnings of the fund.
- b) Sufficient monthly transfers shall be made to a separate sewer revenue bond sinking account for the purpose of making the bond principal and interest payments when due.

City of Lamoni  
Notes to Financial Statements  
June 30, 2021

**NOTE (3) Bonds and Notes Payable – Continued**

Revenue Notes - Continued

- c) All funds remaining in the sewer account after the payment of all maintenance and operating expenses and required transfers shall be placed in the sewer revenue surplus account within the Enterprise Funds. This account is restricted for the purpose of correcting any deficiencies in the sinking account.
- d) User rates shall be established at a level which produces and maintains net receipts at a level not less than 110% of the amount of principal and interest on the bonds falling due in the next year.

The resolution providing for the issuance of the electric revenue notes include the following provisions:

- a) The notes will only be redeemed from the future earnings of the electric enterprise activity and the note holders hold a lien on the future earnings of the fund.
- b) Sufficient monthly transfers shall be made to a separate electric revenue note sinking account for the purpose of making the note principal and interest payments when due.
- c) \$202,985 shall be deposited and maintained in an electric revenue note reserve account. The account is restricted for the purpose of paying the principal and interest payments whenever, for any reason, the funds in the electric revenue note sinking account is insufficient to pay such principal and interest when due.
- d) \$150,000 shall be deposited and maintained in an electric revenue note improvement and extension account. This account is restricted for the purpose of paying any improvement, extension or repair to the system, or for correcting any deficiencies in the sinking and reserve accounts.
- e) User rates shall be established at a level which produces and maintains net receipts at a level not less than 110% of the amount of principal and interest on the bonds falling due in the next year.

Lamoni Municipal Utilities is in compliance with the provisions of the revenue bond resolutions above.



City of Lamoni  
Notes to Financial Statements  
June 30, 2021

**NOTE (3) Bonds and Notes Payable – Continued**

Revenue Notes - Continued

The resolution providing for the issuance of the airport revenue notes include the following provisions:

- a) The notes will only be redeemed from the future earnings of the airport enterprise activity and the note holders hold a lien on the future earnings of the fund.
- b) Sufficient monthly transfers shall be made to a separate airport revenue note sinking account for the purpose of making the note principal and interest payments when due.
- c) Monthly transfers of \$271 should be made to a reserve account until it reaches a maximum of \$32,436. This account is restricted for the purpose of paying the principal and interest payments whenever, for any reason, the funds in the airport revenue note sinking account is insufficient to pay such principal and interest when due.
- d) Monthly transfers of \$400 shall be deposited and maintained in an airport revenue note depreciation account. This account is restricted for the purpose of paying any improvement or repairs to the airport

The City of Lamoni is in compliance with the provisions of the revenue bond resolution above.

Lease Purchase Agreement

A summary of the City's lease purchase agreement is as follows:

Year Ending June 30,	Garbage Lease Purchase		
	Issued Feb 15, 2018		
	Interest Rates	Principal	Interest
2022	3.60%	\$ 30,384	1,347
2023	3.60%	20,872	283
		<u>\$ 51,256</u>	<u>1,630</u>

The City entered into a lease purchase agreement in February 2018 for \$144,997 to purchase a garbage truck. The lease is being paid from garbage customer net receipts and is payable through 2023. Total principal and interest remaining to be paid on the agreement is \$52,886. For the current year, principal and interest paid and total customer net receipts were \$31,731 and \$110,911, respectively.

City of Lamoni  
Notes to Financial Statements  
June 30, 2021

**NOTE (4) Pension Plan**

Plan Description - IPERS membership is mandatory for employees of the City, except for those covered by another retirement system. Employees of the City are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at P.O. Box 9117, Des Moines, Iowa 50306-9117 or at [www.ipers.org](http://www.ipers.org).

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits – A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier based on years of service.
- The member's highest five-year average salary, except members with service before June 30, 2012 will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

Protection occupation members may retire at normal retirement age, which is generally age 55. The formula used to calculate a protection occupation member's monthly IPERS benefit includes:

- 60% of average salary after completion of 22 years of service, plus an additional 1.5% of average salary for more than 22 years of service but not more than 30 years of service.
- The member's highest three-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25 % for each month that the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

City of Lamoni  
Notes to Financial Statements  
June 30, 2021

**NOTE (4) Pension Plan – Continued**

Disability and Death Benefits - A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions - Contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2021, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the City contributed 9.44% of covered payroll, for a total rate of 15.73%. Protection occupation members contributed 6.41% of covered payroll and the City contributed 9.61% of covered payroll, for a total rate of 16.02%.

The City's contributions to IPERS for the year ended June 30, 2021 were \$120,683. (The **City's** portion was \$58,712 and the **Utilities'** portion was \$61,971.)

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2021, the City's liability for its proportionate share of the net pension liability totaled \$915,830. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2020, the City's proportion was 0.0130372%, which was a decrease of 0.000012% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021 the City pension expense, deferred outflows of resources and deferred inflows of resources totaled \$162,249, \$208,156 and \$111,396, respectively.

There were no non-employer contributing entities to IPERS.

City of Lamoni  
Notes to Financial Statements  
June 30, 2021

**NOTE (4) Pension Plan – Continued**

Actuarial Assumptions - The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Rate of Inflation	(effective June 30, 2017)	2.60% per annum.
Rates of salary increase	(effective June 30, 2017)	3.25 to 16.25% average, including inflation. Rates vary by membership group.
Long-term investment rate of return	(effective June 30, 2017)	7.00% compounded annually, net of investment expense, including inflation.
Wage growth	(effective June 30, 2017)	3.25% per annum, based on 2.60% inflation and 0.65% real wage inflation.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2020 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	22.0%	4.43%
International equity	17.5	5.15
Global smart beta equity	6.0	4.87
Core plus fixed income	28.0	(0.29)
Public credit	4.0	2.29
Cash	1.0	(0.78)
Private equity	11.0	6.54
Privated real assets	7.5	4.48
Private credit	3.0	3.11
Total	100%	

City of Lamoni  
Notes to Financial Statements  
June 30, 2021

**NOTE (4) Pension Plan – Continued**

Discount Rate - The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the City will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
City's proportionate share of the net pension liability	\$ 1,632,327	\$ 915,830	\$ 315,195

IPERS' Fiduciary Net Position - Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at [www.ipers.org](http://www.ipers.org).

**NOTE (5) Compensated Absences**

City employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, retirement or death. City employees accumulate a limited amount of earned but unused sick leave for subsequent use or for payment upon retirement, up to a maximum of 480 hours. These accumulations are not recognized as disbursements by the City until used or paid. The City's and the Utilities' approximate liability for earned vacation and sick leave payable to employees at June 30, 2021 are as follows:

Type of Benefit	City	Utilities	Total
Vacation	\$ 22,000	\$ 46,000	\$ 68,000
Sick leave	65,000	109,000	174,000
	<u>\$ 87,000</u>	<u>\$ 155,000</u>	<u>\$ 242,000</u>

Of this amount the **City** is liable for \$87,000 primarily relating to the General Fund and the **Utilities** are liable for \$155,000. This liability is computed on rates of pay effective as of June 30, 2021.

City of Lamoni  
Notes to Financial Statements  
June 30, 2021

**NOTE (6) Other Postemployment Benefits (OPEB)**

City Employee Benefits

Plan Description - The City operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. The City currently finances the benefit plan on a pay-as-you-go basis. The most recent active member monthly premiums for the City and the plan members range from \$638 for single coverage to \$1,518 for family coverage. For the year ended June 30, 2021, the City contributed \$152,355 and plan members eligible for benefits contributed \$0 to the plan. At June 30, 2021, no assets have been accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

OPEB Benefits – Individuals who are employed by the City of Lamoni and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees, which results in an implicit rate subsidy.

Retired participants must be age 55 or older at retirement, with the exception of special service participants who must be age 50 with 22 years of services. At June 30, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	0
Active employees	13
	<hr/> 13

Utility Employee Benefits

Plan Description - The Utilities operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. The Utilities currently finances the benefit plan on a pay-as-you-go basis. The most recent active member monthly premiums for the Utilities and the plan members range from \$738 for single coverage to \$1,756 for family coverage. For the year ended June 30, 2021, the Utilities contributed \$263,350 and plan members eligible for benefits contributed \$0 to the plan. At June 30, 2021, no assets have been accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

OPEB Benefits – Individuals who are employed by the Utilities and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees, which results in an implicit rate subsidy.

Retired participants must be age 55 or older at retirement, with the exception of special service participants who must be age 50 with 22 years of services. At June 30, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	0
Active employees	13
	<hr/> 13

City of Lamoni  
Notes to Financial Statements  
June 30, 2021

**NOTE (7)      Commitment – Colony Housing Authority**

In December 1979, the City entered into an agreement with Colony Housing Authority (CHA) of Lamoni, whereby CHA, who constructed and maintains a multiple dwelling complex for senior citizens, agreed to provide dining facilities for 30 additional persons. In consideration for the above, the City agreed to pay CHA \$500 per month commencing October 1, 1980, for a period of 480 months. The balance was paid off at June 30, 2021.

**NOTE (8)      Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2021 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Special Revenue	
	Employee Benefit	\$     4,305
	Proprietary	
	Electric	73,920
		<u>78,225</u>
Special Revenue	Proprietary	
Local Option Sales Tax	Garbage	40,000
Debt Service	Proprietary	
	Water	17,975
Proprietary	Special Revenue	
Airport	Local Option Sales Tax	<u>4,800</u>
		<u>\$   141,000</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to disburse resources.

City of Lamoni  
Notes to Financial Statements  
June 30, 2021

**NOTE (9) Risk Management**

The City is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**NOTE (10) Deficit Balance**

The Capital Projects Fund, Airport Account had a deficit balance of \$224,043 at June 30, 2021. The deficit balance was a result of project costs incurred prior to the availability of funds. The deficit will be eliminated with grant reimbursements.

**NOTE (11) Conduit Debt Obligation**

In November 2013, the City issued \$9.5 million in refunding bonds for Graceland University. These bonds are special limited obligations of the City, payable solely from and secured by a pledge of revenues to be received from the University. The bonds do not constitute a debt, or pledge of the faith and credit of the City, and accordingly, have not been reported in the accompanying financial statements. The balance outstanding on the bonds at June 30, 2021 is approximately \$8.5 million.

**NOTE (12) Development Agreement**

In accordance with a fiscal year 2016 development agreement, under Chapter 403.19 of the Code of Iowa, the City will provide the developer of a new commercial hotel facility annual appropriation tax increment payments not exceeding \$500,000. The City paid the developer \$47,603 during the year ended June 30, 2021.

**NOTE (13) Tax Abatements**

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax receipts to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.



City of Lamoni  
Notes to Financial Statements  
June 30, 2021

**NOTE (13) Tax Abatements - Continued**

City Tax Abatements

The City provides tax abatements for urban renewal and economic development projects with tax increment financing as provided for in Chapters 15A and 403 of the Code of Iowa. For these types of projects, the City enters into agreements with developers which require the City, after developers meet the terms of the agreements, to rebate a portion of the property tax paid by the developers, to pay the developers an economic development grant or pay the developers a predetermined dollar amount. No other commitments were made by the City as part of these agreements.

For the year ended June 30, 2021, \$15,368 of property tax was diverted from the City under the urban renewal and economic development agreements.

Tax Abatements of Other Entities

Property tax revenues of the City were reduced by the following amounts for the year ended June 30, 2021 under agreements entered into by the following entity:

Entity	Tax Abatement Program	Amount of Tax Abated
Other City	Urban renewal and economic development projects	\$ 8,307

**NOTE (14) COVID-19**

In March 2020, the COVID-19 outbreak was declared a global pandemic. The disruption to businesses across a range of industries in the United States continues to evolve. The full impact to local, regional and national economies, including that of the City of Lamoni, remains uncertain.

To date, the outbreak has not created a material disruption to the operations of the City of Lamoni. However, the extent of the financial impact of COVID-19 will depend on future developments, including the spread of the virus, duration and timing of the economic recovery. Due to these uncertainties, management cannot reasonably estimate the potential impact to the City of Lamoni.

**NOTE (15) Prospective Accounting Change**

Governmental Accounting Standards Board has issued Statement No. 87, *Leases*. This statement will be implemented for the fiscal year ending June 30, 2022. The revised requirements of this statement require reporting of certain potentially significant lease liabilities that are not currently reported.

## Other Information

City of Lamoni  
 Budgetary Comparison Schedule  
 of Receipts, Disbursements, and Changes in Balances -  
 Budget and Actual (Cash Basis) – All Governmental Funds and Proprietary Funds  
 Other Information  
 Year ended June 30, 2021

	Governmental Funds Actual	Proprietary Funds Actual	Total	Budgeted Amounts		Final to Total Variance
				Original	Final	
Receipts						
Property tax	\$ 747,033	-	747,033	730,702	779,702	(32,669)
Tax increment financing	47,744	-	47,744	-	44,665	3,079
Other city tax	265,415	-	265,415	214,000	259,870	5,545
Licenses and permits	2,844	-	2,844	-	15,727	(12,883)
Use of money and property	1,438	74,418	75,856	227,819	268,203	(192,347)
Intergovernmental	662,832	135,512	798,344	410,500	627,540	170,804
Charges for service	43,853	4,317,756	4,361,609	4,682,858	4,872,981	(511,372)
Miscellaneous	84,854	106,278	191,132	-	301,244	(110,112)
Total receipts	1,856,013	4,633,964	6,489,977	6,265,879	7,169,932	(679,955)
Disbursements						
Public safety	447,120	-	447,120	291,048	451,457	4,337
Public works	327,831	-	327,831	314,309	339,624	11,793
Health and social services	-	-	-	75,000	75,000	75,000
Culture and recreation	304,961	-	304,961	229,842	302,268	(2,693)
Community and economic development	175,368	-	175,368	-	149,420	(25,948)
General government	386,094	-	386,094	393,584	387,191	1,097
Debt service	74,186	-	74,186	350,303	406,303	332,117
Capital projects	147,975	-	147,975	-	73,123	(74,852)
Business type activities	-	4,132,551	4,132,551	4,624,192	4,742,765	610,214
Total disbursements	1,863,535	4,132,551	5,996,086	6,278,278	6,927,151	931,065
Excess (deficiency) of receipts over (under) disbursements	(7,522)	501,413	493,891	(12,399)	242,781	251,110
Other financing sources (uses), net	127,095	(127,095)	-	-	7,300	(7,300)
Change in balances	119,573	374,318	493,891	(12,399)	250,081	243,810
Balances beginning of year	916,015	2,299,878	3,215,893	4,679,650	4,679,650	(1,463,757)
Balances end of year	\$ 1,035,588	2,674,196	3,709,784	4,667,251	4,929,731	(1,219,947)

See accompanying independent auditors' report

City of Lamoni  
Notes to Other Information – Budgetary Reporting  
June 30, 2021

The budgetary comparison is presented in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except Internal Service Funds and Fiduciary Funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon major classes of disbursements known as functions, not by fund or fund type. These functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds and Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment increased budgeted disbursements by \$648,873. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2021, disbursements exceeded the amended amounts budgeted in the culture and recreation, community and economic development and capital projects functions.

City of Lamoni  
Schedule of the City's Proportionate Share of the Net Pension Liability  
Iowa Public Employees' Retirement System  
For the Last Seven Years\*  
(In Thousands)  
Other Information

	2021	2020	2019	2018	2017	2016	2015
City's proportion of the net pension liability	0.013037%	0.013049%	0.012932%	0.012964%	0.012452%	0.012513%	0.013278%
City's proportionate share of the net pension liability	\$ 916	755	818	864	784	618	527
City's covered payroll	\$ 1,222	1,186	1,141	1,133	1,048	1,027	1,066
City's proportionate share of the net pension liability as a percentage of its covered payroll	74.96%	63.66%	71.69%	76.26%	74.81%	60.18%	49.44%
IPERS' net position as a percentage of the total pension liability	82.90%	85.45%	83.62%	82.21%	81.82%	85.19%	87.61%

\* In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding fiscal year.

See accompanying independent auditors' report

City of Lamoni  
Schedule of City Contributions  
Iowa Public Employees' Retirement System  
For the Last Ten Years  
(In Thousands)  
Other Information

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Statutorily required contribution	\$ 121	116	113	104	103	95	93	97	90	85
Contributions in relation to the statutorily required contribution	121	116	113	104	103	95	93	97	90	85
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
City's covered payroll	\$ 1,275	1,222	1,186	1,141	1,133	1,048	1,027	1,066	1,023	1,022
Contributions as a percentage of covered payroll	9.47%	9.52%	9.55%	9.10%	9.07%	9.06%	9.06%	9.10%	8.80%	8.32%

See accompanying independent auditors' report

City of Lamoni  
Notes to Other Information – Pension Liability  
Year ended June 30, 2021

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered the disability rates.
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

## **Supplementary Information**



City of Lamoni  
Schedule of Cash Receipts, Disbursements and Changes  
in Cash Balances – Nonmajor Governmental Funds  
As of and for the year ended June 30, 2021

	Special Revenue				
	Urban				
	Employee	Renewal	Debt	Capital	
	Benefits	Tax Increment	Service	Projects	Total
Receipts:					
Property tax	\$ 209,750	-	94,790	-	304,540
Tax increment financing	-	47,744	-	-	47,744
Other city tax	254	-	113	-	367
Intergovernmental	5,966	-	2,820	-	8,786
Total receipts	215,970	47,744	97,723	-	361,437
Disbursements:					
Operating:					
Public safety	87,295	-	-	-	87,295
Public works	60,787	-	-	-	60,787
Culture and recreation	44,417	-	-	-	44,417
Community and economic development	-	47,603	-	-	47,603
General government	26,612	-	-	-	26,612
Debt service	-	-	74,186	-	74,186
Capital projects	-	-	-	147,975	147,975
Total disbursements	219,111	47,603	74,186	147,975	488,875
Excess (deficiency) of receipts over (under) disbursements	(3,141)	141	23,537	(147,975)	(127,438)
Other financing sources (uses):					
Transfers in	-	-	17,975	-	17,975
Transfers out	(4,305)	-	-	-	(4,305)
Total other financing sources (uses)	(4,305)	-	17,975	-	13,670
Change in cash balances	(7,446)	141	41,512	(147,975)	(113,768)
Cash balances beginning of year	83,883	-	23,436	(72,737)	34,582
Cash balances end of year	\$ 76,437	141	64,948	(220,712)	(79,186)
<b>Cash Basis Fund Balances</b>					
Restricted for other purposes	\$ 76,437	141	64,948	3,331	144,857
Unassigned	-	-	-	(224,043)	(224,043)
Total cash basis fund balances	\$ 76,437	141	64,948	(220,712)	(79,186)

See accompanying independent auditors' report

City of Lamoni  
Combining Schedule of Cash Receipts, Disbursements and Changes  
in Cash Balances – Capital Projects Fund  
As of and for the year ended June 30, 2021

	Trail	Airport	Total
Receipts:			
None	\$ -	-	-
Disbursements:			
Capital projects	1,695	146,280	147,975
Total disbursements	1,695	146,280	147,975
Change in cash balances	(1,695)	(146,280)	(147,975)
Cash balances beginning of year	5,026	(77,763)	(72,737)
Cash balances end of year	\$ 3,331	(224,043)	(220,712)
<b>Cash Basis Fund Balances</b>			
Restricted for capital projects	\$ 3,331	-	3,331
Unassigned	-	(224,043)	(224,043)
Total cash basis fund balances	\$ 3,331	(224,043)	(220,712)

See accompanying independent auditors' report

City of Lamoni  
Schedule of Receipts By Source and Disbursements By Function -  
All Governmental Funds  
For the Last Ten Years

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>Receipts:</b>										
Property tax	\$ 747,033	733,437	771,147	718,707	710,550	691,585	711,379	678,267	666,970	715,520
Tax increment financing collections	47,744	48,977	-	-	-	-	-	25,189	24,090	24,712
Other city tax	265,415	236,400	237,563	201,073	190,415	210,357	181,481	133,807	140,328	146,118
Licenses and permits	2,844	1,433	3,240	2,793	24,340	5,667	1,095	2,720	1,830	1,300
Use of money and property	1,438	7,650	6,651	38,149	32,239	38,422	37,067	38,372	15,246	16,324
Intergovernmental	662,832	801,798	447,496	1,222,582	402,350	728,867	410,386	799,886	716,831	307,034
Charges for service	43,853	40,229	39,147	87,889	123,350	250,831	241,951	252,881	261,177	248,752
Miscellaneous	84,854	50,739	139,411	214,745	107,969	94,502	150,874	242,389	150,448	96,866
<b>Total</b>	<b>\$ 1,856,013</b>	<b>1,920,663</b>	<b>1,644,655</b>	<b>2,485,938</b>	<b>1,591,213</b>	<b>2,020,231</b>	<b>1,734,233</b>	<b>2,173,511</b>	<b>1,976,920</b>	<b>1,556,626</b>
<b>Disbursements:</b>										
<b>Operating:</b>										
Public safety	\$ 447,120	424,571	409,245	468,623	396,141	473,679	398,475	882,193	375,098	436,667
Public works	327,831	453,579	414,043	405,566	587,225	564,764	508,069	586,626	962,599	583,188
Culture and recreation	304,961	334,485	297,834	392,959	314,723	283,070	339,483	404,554	292,263	256,184
Community and economic development	175,368	198,108	36,372	246,962	29,844	106,590	40,026	156,268	46,439	40,073
General government	386,094	246,498	226,059	159,395	151,892	168,337	148,840	170,990	132,623	160,729
Debt service	74,186	404,310	385,699	200,510	163,786	116,815	151,664	248,505	117,873	27,040
Capital projects	147,975	21,452	1,188,305	1,182,692	311,913	301,457	65,283	181,622	-	1,263
<b>Total</b>	<b>\$ 1,863,535</b>	<b>2,083,003</b>	<b>2,957,557</b>	<b>3,056,707</b>	<b>1,955,524</b>	<b>2,014,712</b>	<b>1,651,840</b>	<b>2,630,758</b>	<b>1,926,895</b>	<b>1,505,144</b>

See accompanying independent auditors' report

**City of Lamoni**



Diane McGrain, CPA  
Jim Menard, CPA  
Kelsey Peterson, CPA

November 11, 2021

Independent Auditors' Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in  
Accordance with *Government Auditing Standards*

To the Honorable Mayor and  
Members of the City Council:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Lamoni, Iowa, as of and for the year ended June 30, 2021, which collectively comprise the City's basic financial statements listed in the table of contents and have issued our report thereon dated November 11, 2021. Our report expressed unmodified opinions on the financial statements which were prepared on the basis of cash receipts and disbursements, a basis of accounting other than U.S. generally accepting accounting principles.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Lamoni's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Lamoni's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Lamoni's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, we identified deficiencies in internal control we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of City of Lamoni's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control described in Part I of the accompanying Schedule of Findings as items I-A-21 to be a material weaknesses.

Continued...

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City of Lamoni  
Independent Auditors' Report on  
Internal Control and Compliance and Other Matters

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in Part I of the accompanying Schedule of Findings as item I-B-21 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Lamoni's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2021 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

City of Lamoni's Responses to Findings

City of Lamoni's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. City of Lamoni's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing and not to provide an opinion on the effectiveness of the City's internal control over compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Lamoni and Lamoni Municipal Utilities during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

*Schroer & Associates, P.C.*

Schroer and Associates, PC  
Council Bluffs, IA

City of Lamoni  
Schedule of Findings  
Year Ended June 30, 2021

**Part I: Findings Related to the Financial Statements:**

**INTERNAL CONTROL DEFICIENCIES:**

**I-A-21    Segregation of Duties**

Criteria – Management is responsible for establishing and maintaining internal control. A good system of internal control provides for adequate segregation of duties so no one individual handles a transaction from its inception to completion. In order to maintain proper internal control, duties should be segregated so the authorization, custody and recording of transactions are not under the control of the same employee. This segregation of duties helps prevent losses from employee error or dishonesty and maximizes the accuracy of the City's financial statements.

Condition – One individual in the City has control over bank reconciling and financial reporting. One individual has control over data input of approved payroll rates.

Cause – The City has a limited number of employees and procedures have not been designed to adequately segregate duties or provide compensating controls through additional oversight of transactions and processes.

Effect – Inadequate segregation of duties could adversely affect the City's ability to prevent or detect and correct misstatements, errors or misappropriation on a timely basis by employees in the normal course of performing their assigned functions.

Recommendation – The City should review its control activities to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials. An independent person should review reconciled bank statements that reconcile with the clerk's balance per books. In addition, outstanding bank items should be reviewed for duplicate entries. An independent person should compare payroll rates entered in the computer with the documented approved rate.

Response – We have reviewed procedures and plan to make the necessary changes to improve internal control. Bank reconciliations and outstanding items will be reviewed monthly.

Conclusion – Response accepted.

City of Lamoni  
Schedule of Findings  
Year Ended June 30, 2021

**Part I: Findings Related to the Financial Statements:**

**I-B-21    Support Documentation**

Criteria – Internal controls over safeguarding assets constitute a process, effected by an entity's governing body, management and other personnel designed to provide reasonable assurance regarding prevention or timely detection of unauthorized transactions and safeguarding assets from error or misappropriation. Such processes included establishing policies addressing proper asset use and proper supporting documentation.

Condition – The City has policies in place requiring supporting documentation for disbursements and credit card charges. However, we noted supporting documentation was not always available for credit card charges.

Cause – Lack of supporting documentation is a result of not properly following policies that are in place.

Effect – Lack of monitoring written policies and procedures could result in unauthorized and unsupported transactions and the opportunity for misappropriation.

Recommendation – The City should monitor its policies and procedures and make adjustments as needed to ensure supporting documentation is retained.

Response – Employees have been advised of the importance of documentation for credit card purchases.

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.



City of Lamoni  
Schedule of Findings  
Year Ended June 30, 2021

**Part II: Other Findings Related to Statutory Reporting:**

II-A-21    Certified Budget

Comment – Disbursements during the year ended June 30, 2021 exceeded the amounts budgeted in the culture and recreation, community and economic development and capital projects functions. Chapter 384.20 of the Code of Iowa states in part that public monies may not be expended or encumbered except under an annual or continuing appropriation.

Recommendation – The budget should have been amended in sufficient amounts in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – We estimate to the best of our ability the amounts that need to be amended. The budget will be amended in sufficient amounts in the future, if applicable.

Conclusion – Response accepted.

II-B-21    Questionable Disbursements

We noted no disbursements for parties, banquets or other entertainment for employees that we believe may constitute an unlawful expenditure from public funds as defined in an Attorney General's opinion dated April 25, 1979.

II-C-21    Travel Expense

We noted no disbursements of City money for travel expenses of spouses of City officials or employees.

II-D-21    Business Transactions

We noted no business transactions between the City and City officials, or employees.

II-E-21    Restricted Donor Activity

No transactions were noted between the City, City officials, City employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.

II-F-21    Bond Coverage

Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

I-G-21    Council Minutes

No transactions were found that we believe should have been approved in the City Council minutes but were not.

City of Lamoni  
Schedule of Findings  
Year Ended June 30, 2021

**Part II: Other Findings Related to Statutory Reporting (Continued):**

II-H-21    Deposits and Investments

We noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy.

II-I-21    Revenue Bonds and Notes

No instances of non-compliance with the revenue note resolutions were noted.

II-J-21    Financial Condition

Comment - The Capital Projects Fund, Airport Account had a deficit balance of \$224,043.

Recommendation –The City should investigate alternatives to eliminate this deficit in order to return this fund to a sound financial condition.

Response – The deficit in the Capital Projects, Airport Account will be eliminated with grant reimbursements and interim financing.

Conclusion – Response accepted.

II-K-21    Urban Renewal Annual Report

The urban renewal annual report was properly approved and certified to the Iowa Department of Management on or before December 1 and no exceptions were noted.

II-L-21    Payroll Tax Returns

Comment – The Utilities did not file the payroll “941” returns for the first and second quarters of 2021.

Recommendation – “941” reports should be filed quarterly.

Response – We will file the required returns.

Conclusion – Response accepted.

City of Lamoni  
Schedule of Findings  
Year Ended June 30, 2021

**Part II: Other Findings Related to Statutory Reporting (Continued):**

II-M-21    Interfund Transfers

Comment – Section 545-2 of the City Finance Committee Rules requires “A fund transfer resolution must be completed for all transfers between funds and must include a clear statement of reason or purpose for the transfer, the name of the fund from which the transfer is originating, the name of the fund into which the transfer is to be received, and the dollar amount to be transferred. For transfers of utility surpluses outline in subrule 2.5(5), the calculation proving the surplus must also be shown in the resolution.”

There was no resolution approving transfer of funds from the Employee Benefits Fund to the General Fund for \$4,305.

Recommendation – The resolutions approving all fund transfers should include the information required by Section 545-2 of the City Finance Committee Rules.

Response – We will ensure transfer resolutions will include the appropriate calculations and information in the future.

Conclusion – Response accepted.